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INDUSTRY:
Health care IT
COMPANY SIZE:
\$1.5 billion

SYSTEM SETUP

▶ **GENERAL LEDGER:**
SAP

▶ **FORECASTING:**
Applix TM1

▶ **BUDGETING:**
Arcplan

▶ **MASTER DATA MANAGEMENT:**
Stratature's +EDM

Getting the Devil Out of the Details

FOR ORGANIZATIONS WITH COMPLICATED CORPORATE OR BUDGET STRUCTURES, keeping master data accurate — and so keeping budgets and financial reports accurate — can be surprisingly time-consuming. McKesson Provider Technologies, a subsidiary of health-care giant McKesson, has used master data management software to reduce frustration and free up employee time for more valuable pursuits.

BPM Magazine: *What software does McKesson Provider Technologies use for budgeting, planning, and forecasting?*

Heather Capell: Our general ledger's SAP. Our forecasting is done in TM1 (OLAP). Our budgeting is done with arcplan, interfacing into TM1. And we manage all of the master data that we import into the TM1 database with +EDM — cost centers, profit centers, how they roll up into various hierarchies.

BPM: *Why would you need to manage that information outside of your budgeting and forecasting applications?*

Capell: We have three or four hierarchies of the same set of profit and cost centers. One rolls up by business unit; one rolls up by who manages or owns the profit and cost centers. One's by revenue stream — so all our software-related profit centers roll up one way, all our services roll up another way, all our hardware sales roll up another way. And then we have a legal-entity rollup, just by company code. So we have attributes associated with the profit and cost centers like which company code they're in; which cost center; which class (is it R&D, is it G&A, is it marketing, sales?); and which revenue stream it's in. Using master data management software helps us manage the hierarchies, the building of the basic master data and then the attributes associated with them.

We set up all the profit and cost centers, the hierarchies, in +EDM and then we import that into TM1. And we have little tweaks and changes in our business units

pretty much throughout the year. It's not just once a year during budget time or at the beginning of the fiscal year. Stuff is constantly shifting around, and +EDM helps our forecasts reflect that easily with minimal heartache.

BPM: *What was master data management like before you had software dedicated to it?*

Capell: Since we have so many hierarchies, it wasn't just setting up a cost or profit center and dropping it in its place. Each cost and profit center is mapped several different ways, and the way I used to build the hierarchies was very manual. I had a spreadsheet that had three different sections with the rollups. It basically just helped build the hierarchy, so not the actual data itself, but where the data went and how to handle it. That spreadsheet was used to handle all aspects of our reporting. Actuals, forecasts, budget would all depend on those hierarchies to organize the data. I would build the cost and profit center and business unit hierarchies in the spreadsheet in a test environment, copy that file to the server, and then bring the server back up and it would recalculate where it needed to.

So it was very time-consuming to make any type of big change. I'd have to go find all the places in the spreadsheet where a cost center was referenced, all the places where a rollup was referenced. And if I was changing the structure, the consolidation points, I'd have to go find everything on up the food chain. Say we wanted to move one business unit from the major business unit

grouping it was in over to another one. So to move the business unit, I might want to recode everything in that consolidation point. The old code might have been PCA and now it's going to be RCB. I'd have to go through every section of that rollup — and there might have been 40 or 50 consolidation points referenced in the spreadsheet. I'd have to go through and find them and make sure I recoded them properly, and if those consolidations were involved in multiple hierarchies, go to the other places on the spreadsheet or in the database to do that. I couldn't rename it one place and have it instantly be cross-referenced and updated.

BPM: *Did this manual process ever lead to problems with developing your forecasts?*

Capell: Sure. If I didn't make that consolidation point connect to the next point above it, I'd have something stranded — mapped to a part of the structure that no longer connected to the rest of the hierarchy. And I could double-map it very easily if I added it at a different point in the spreadsheet. It was very easy to make errors of omission and double-counting. So we'd miss or double up on revenue or an expense during the forecast development process. Those two things happened frequently.

BPM: *How would you discover an error in your master data?*

Capell: Until you actually got the forecast data or budget data or actuals data into a new cost center or profit center, it wasn't really visible that there was a mistake, that it had been double-counted or that it had been orphaned. It would be right in the middle of crunch time, during forecasting, when they'd realize that a new cost center was mapped twice, that the system was double-counting. Or that a new cost center wasn't rolling up at all. Right during a budget deadline, I would have to spend time fixing that.

BPM: *How does data management differ when you use software designed for that purpose?*

Capell: In +EDM, I go through and change a consolidation point and just rename the code, and then if that consolidation point is used in other hierarchies, I don't have to do anything else. I just type it in one time and then — boom! — it's done.

BPM: *Has this improved your accuracy?*

Capell: Yes. Higher accuracy the first time without business unit managers having to point out that something's wrong, say, "We can't close the forecast because it's not tying out." That's probably the biggest benefit.

And then a secondary benefit is that anytime someone needs changes and is under a time crunch, I can usually implement that very quickly — I can build it and implement it in five minutes — as opposed to several hours the old way. That's happened a few times since I implemented +EDM. I've been able to deliver an instantaneous result without reworking a series of files or disrupting the TMI server.

BPM: *Have you gotten any feedback from other people in the FP&A function?*

Capell: They've commented on the fact that I have a quicker turnaround now. A lot of times they'll come to me with something that seems like a big, ornate change. But in +EDM I just key in the code change or rename the whole thing one time in one place and it automatically updates all the other places that that item appears in the hierarchy. And it saves me at least, I'm estimating, four hours a week. The weekly master data maintenance and updates used to take a big chunk of my time. Now it's a few hours a week instead of seven or eight.

BPM: *Is the improved data management saving other people time too? It sounds like there's less back and forth over data discrepancies.*

Capell: Oh yeah. It also saves some frustration caused by that. I've been able to shorten my turnaround time for the day-to-day stuff like somebody's getting ready to add a new profit center and they want to start forecasting some revenue for a new customer contract. I've been able to shorten that turnaround to get the new center in the system and available for forecasting activity.

BPM: *Are there additional ways you see that you could improve your company's master data management?*

Capell: I'd like to get some time from our SAP programmers so that we can start pulling the master data into SAP, because I also maintain some of the hierarchies in SAP. And our HR group uses PeopleSoft

for all the payroll and employee data, and I pass along to them information about finance's view of how the cost centers roll up to business units. I'd like to be able to pass a file from +EDM to them instead of sending them one-by-one e-mails saying that a certain cost center has moved from one business unit to another. I could just send them the snapshot, or they could browse +EDM themselves via the Web and import it to PeopleSoft when they like.

And then we've got some sales forecasting activity that's done in a Siebel system. The group that maintains that often asks me for information on the hierarchies. I always send them a flat file. I'd like to have +EDM set up where they can just log into it or their database can log into it and just pull the information they need from +EDM for any system that wants the finance view of how the business units roll up. It would take me totally out of the loop. That way, the operational folks could match finance reporting without going to great lengths every time they wanted to sync up a report.

I'm really excited about where I think I'm going to be able to go with this. Right now I have to spend time fielding calls and e-mails, sending little one-off files, and that sort of thing for word changes and slight adjustments. Ideally I wouldn't need to be involved at all except for specific questions about changes they have to the hierarchies. Right now we're testing a way to allow people to submit their requests directly in the database and then it would trigger e-mails for their manager to review. So I would get out of the whole e-mail chain of approvals and the business of transcribing data from forms. I think that's going to save even more time.

BPM: *What would you say to someone who is still using spreadsheets for managing master data manually?*

Capell: For me, the biggest obstacle in moving toward a product like +EDM was the time it was going to take to set up a new system. I just didn't feel like I had any time in my schedule to test and get something else up and running. I was just keeping my head above water. Once I implemented it, though, I just wished I'd done it so much earlier. I underestimated how much time it was going to save me and the whole team. **bm**